

## FOUNDATION FOR FAIR CONTRACTING OF CONNECTICUT, INC.

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Government Administration and Elections Committee  
Public Hearing

March 10, 2014

**Re: HB 5431 - *An Act Requiring the Suspension of Administrative Penalties Imposed on Certain Business Entities***

Sen. Musto, Rep. Jutila, Sen. McLachlan, Rep. Hwang and members of the Government Administration and Elections Committee,

The Foundation for Fair Contracting of Connecticut (FFC) is a non-profit organization created by labor and management in order to monitor all public works construction projects covered under the Connecticut General Statutes Section 31-53 and the Davis-Bacon Act. We accomplish this by reviewing public documents prepared and/or submitted by the owner and contractor(s). We focus on licensing, proper payment of prevailing wage rates, proper classification of workers and properly administered state apprenticeship standards.

The FFC opposes HB 5431 "*An Act Requiring the Suspension of Administrative Penalties Imposed on Certain Business Entities*".

Section 1.(a) specifies the following:

For purposes of this section, "state agency" means any department, board, council, commission, institution or other executive branch agency of state government and "business entity" means a corporation, association, partnership, limited liability company or any other similar form of business organization.

The concern with section 1(a) is that the term "state agency" is too broad. If a contractor has violated prevailing wage statutes, we would file a complaint with the Department of Labor. If a contractor is performing work without a necessary license for that craft, we would file a complaint with the Department of Consumer Protection. And if a contractor is believed to have committed tax fraud, we would file a complaint with the Department of Revenue Services. If the agencies the FFC may file complaints with are covered under the provisions of this proposed legislation, then it would affect these agencies' ability to collect civil penalties.

Section 1.(b) specifies the following:

Notwithstanding any provision of the general statutes, a state agency shall suspend any civil penalty assessed against any business entity for a violation of any provision of a regulation of such state agency, if the business entity (1) is a first-time violator of such provision, and (2) takes remedial measures to completely correct the violation not later than thirty days after the assessment of such penalty.

The FFC recognizes that many of the statutory violations we investigate are criminal resulting in anywhere from a class B misdemeanor to a class D felony. However, the Department of Labor may also assess civil penalties of \$300 per violation upon an employer. Further, the Department of Consumer Protection can assess penalties for up to \$1,000 for first time violators who employ an unlicensed worker, or practices an occupation without a license themselves.


This bill does not specify which "regulations" would be captured and allowable by a contractor or other business entity. Without fully understanding the scope of regulations or civil penalties this bill is looking to identify, we cannot allow fines to be waived even if this is the contractor's first violation, and even if the violation is rectified within 30 days.

Most construction workers are too scared to even come forward to report a violation for fear of being fired or retaliated against. Our Connecticut based responsible contractors are competing against a race to the bottom perpetuated by many unscrupulous companies. The FFC has to be able to build a case against these businesses. We do that by working to identify genuine and conclusive violations, and to prove that they are willfully circumventing our laws and regulations. We applaud our state agencies for assessing and collecting the fines imposed for those violations.

Further, civil penalties are a form of revenue for the state of Connecticut. Fines and penalties make up a substantial share of the funding for many of our state agencies, which are already short staffed and forced to cut resources and services from their operating budgets.

Statutes and regulations are imposed for a reason. Fees and fines are a part of the enforcement mechanism, which helps to deter those from violating our rules. HB 5431 takes us down a slippery path and is simply bad policy. I urge this committee to oppose this bill. We do not want to send a message to the business community that Connecticut is soft on cheaters.

Sincerely,



Kimberly Glassman  
Director